

Prospectus for the Operation and Maintenance of a Commercial Portage Service on the Trout Lake Portage from Lake Vermilion to the Boundary Waters Canoe Area Wilderness



**Superior National Forest, LaCroix Ranger District
Eastern Region
U.S. Department of Agriculture**



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I. Business Opportunity

This prospectus offers the successful applicant(s) authorization to obtain a Special Use Permit (SUP) authorizing a commercial portage operation on National Forest system lands to provide assistance to people transporting their watercraft across the Trout portage. The permit holder and/or their employees will be located at the portage during approved operating hours and will provide portage services to those parties requesting the service for fees authorized by the Special Use Permit. Portage service includes the transporting of client's watercraft and gear over the portage.

The permit holder will be required to provide this service at a reasonable fee for the type of assistance being offered. The fee rate will be approved by the Forest Service in advance.

The permit holder must have the capabilities to transport watercraft typically used on Trout Lake across the portage with or without assistance from the public. Visitors do still have the option of transporting their own watercraft across the portage utilizing their own portage wheels.

When in a standby status the permit holder or their employees will be located on the Vermilion side of the Trout Lake Portage during the scheduled hours of operation.

People can transport their watercraft themselves by mechanized, non-motorized means (i.e. portage wheels) for no fee or acquire assistance by paying for the service. Other commercial operators could utilize the permit holder or provide mechanized, non-motorized means (i.e. portage wheels) to their customers, but are prohibited from soliciting business within the BWCAW. Only the Trout Lake Portage Permit Holder will be authorized to advertise and solicit the authorized service at the portage. No other commercial business will be solicited at or conducted from the portage.

The permit holder will not prohibit or interfere with the public's right to use the portage.

A. Introduction

This prospectus is being issued to solicit applications for a concession commercial portage operation special use permit to provide high-quality public service in the operation and maintenance of the Trout Lake Commercial Portage located on the LaCroix Ranger District, Superior National Forest.

The selected permittee will be required to pay a fee for commercial operating on National Forest land. The fee will be based on a percentage of Concessionaire's gross sales minus State and Federal taxes. In addition, the permittee will be responsible for all repairs, upkeep, and maintenance of the facility.

The authorized officer for this business opportunity is the LaCroix District Ranger.

The Forest Service reserves the right to reject any or all bids.

The past Trout Lake Commercial Portage permit is expired.

In the past three years, the concession has generated gross revenues as shown in Table 1:

Table 1. Gross Revenues over the Past Three Years

Commercial Portage	2012 Gross	2013 Gross	2014 Gross	3-Yr Ave. Gross
Trout Lake Portage	\$34,505	\$27,615	\$34,015	\$32,045

B. Area Description

Three million acres of land, water, rock and trees cover the Superior National Forest. Over 695 square miles of the forest is surface water in addition to more than 1,300 miles of cold water streams and 950 warm water streams. Fish species such as walleye, northern pike, smallmouth bass, lake trout, brook trout, rainbow trout and brown trout can be found in abundance in these waters. The northern forest community thrives with its pine, fir and spruce trees and is home to numerous wildlife species including deer, moose, gray wolf and black bear.

The Boundary Waters Canoe Area Wilderness (BWCAW), which is a part of the Superior National Forest, attracts numerous visitors per year for day and overnight use. The BWCAW is the largest designated wilderness in the eastern United States and contains 88 entry points, 2,000 campsites, and over 1,000 lakes.

C. Description of the Trail and Facilities

The Forest Service is soliciting proposals from qualified applicants for the commercial operation of providing transportation of watercraft and gear over the Trout Lake Portage across National Forest System Lands, in the Superior National Forest. Located approximately 35 miles west of Ely and 25 miles east of Cook, the Trout Lake Portage is located between the designated point on Lake Vermilion in Lot 3, Section 25 and the designated point in Lot 10, Section 24, all in Township 63 North, Range 16 West (Greenwood NE Township).

Trout Lake Portage is a half-mile long trail connecting Lake Vermilion and Trout Lake. Trout Lake is in the Boundary Waters Canoe Area Wilderness (BWCAW). The portage is a half-mile long trail (the Lake Vermilion half is located outside the BWCAW). See Appendix 1: Vicinity Map.

The portage trail has a gravel surface about 25 feet wide which was resurfaced in 2005. There is about a 60-foot rise in elevation from water level to the highest point on the roadway. The portage climbs gradually from the Vermilion side to just past the BWCAW boundary and then drops a little more steeply to the Trout Lake side.

The laws affecting the BWCAW identify those portages upon which mechanized equipment can be used. Portage wheels and commercial motorized equipment or devices (under special use permit) are authorized at the Trout Lake Portage.

Visitor Use Statistics

The following table summarizes the amount of use at Trout Portage over the past five years. It is important to note that some of the paddle permit groups may utilize the Trout Creek portage route in order to access Trout Lake.

Year	Overnight Paddle	Overnight Motor	Day Use Motor	Total Motor Use
2010	118	491	444	935
2011	93	498	418	916
2012	111	502	387	889
2013	115	418	388	806
2014	102	433	431	864
QUOTA	**	721	588	1309

** There are a total of 2,156 possible overnight permits per year. Of those permits, a quota of 721 motor permits can be issued. However, if paddlers, on a first come, first served basis receive a majority of the permits, there could be less than 721 motor quotas used, given current use patterns, it is unlikely that would occur.

The Forest Service cannot guarantee any specific volume of traffic that would utilize the commercial portage operation.

D. Government-Furnished Property

The Forest Service will provide certain property in conjunction with the concession special use permit (see Appendix 2 of the prospectus).

E. Government-Furnished Supplies

The Forest Service will not furnish any supplies for day-to-day operation of the concession. Government-furnished supplies will be limited to those necessary for programmatic consistency, including:

- Forms to report use and revenue
- A copy of the Forest Service publications as needed.
- A copy of “Recreation Opportunity Guides,” which the holder may reproduce at its expense.
- Title VI signs.

F. Utilities and Waste Management

Utilities and infrastructure are very limited or nonexistent at the site identified in this prospectus. The permit holder will not be authorized to add utilities or infrastructure on the site. The utilities/infrastructure includes:

Garbage: The permit holder will be responsible for garbage removal.

Liquid and Solid Waste Disposal: The permit holder is responsible for pumping the vault toilet at their expense at the portage as needed. All vaults associated with these sites will be pumped by the permittee at the end of this permit.

II. Forest Service Concession Programs and Policies

Government-owned concessions are authorized by special use permits issued under Section 7 of the Granger-Thye (GT) Act, 16 U.S.C. 580d, and implementing regulations at 36 CFR Part 251, Subpart B.

In addition, there are certain Forest Service Programs and policies that apply to concessions. All applications must be consistent with these requirements.

A. Site Closure

The Forest Service reserves the right to close all or a portion of any area in this prospectus for repair; construction; floods, snow, extreme fire danger, or other natural events; wildlife protection; or risks to public health and safety. The Forest Service shall not be liable to the permit holder for lost revenue, operating costs, or any other losses resulting from these closures. However, for fee calculation purposes, the permit shall be placed in non-use status as provided by FSH 2709.11, section 31.23.

B. Reserved Administrative Use

If the Forest Service requires the permit holder to provide a service for the agency, the permit holder will be compensated for that use at the regular rates. In emergency or wildfire response situations the Forest Service may need to use the permit holder's equipment to transport boats across the portage on short notice and at any hour of the day. The procedures in these situations should be outlined in the operating plan.

C. Applicable Forest Orders

Forest Orders may be issued to address a variety of management concerns on a particular forest. Forest Order No. R909-04-02 identifies the occupancy and use restrictions for the Superior National Forest (see Appendix 4). Future revisions to the current forest orders may be issued in the future.

D. Performance Evaluations

At a minimum, the Forest Service will perform a year-end performance evaluation within the four months of the close of the operating season (see Appendix 7 of the prospectus). An unsatisfactory rating may be cause for suspension or revocation of the special use permit. Sustained satisfactory performance is required for a permit extension.

E. Accessibility

The Architectural Barriers Act of 1968 (ABA) and Section 504 of the Rehabilitation Act of 1973 require new or altered facilities to be accessible, with few exceptions. In 2004, the Architectural and Transportation Barriers Compliance Board (Access Board) issued revised accessibility guidelines for buildings and facilities subject to the ABA and the Americans with Disabilities Act (ADA). These new guidelines are called the ADA/ABA Accessibility Guidelines. In 2006, the Forest Service issued the Forest Service Outdoor Recreation Accessibility Guidelines (FSORAG). The FSORAG addresses types of recreational facilities, including developed recreations sites that are not covered by ADA/ABA Accessibility Guidelines.

Any Government maintenance, reconditioning, renovation, or improvement (see section III.C) must meet ADA/ABA Accessibility Guidelines, where applicable, as well as the FSORAG.

The FSORAG and the ADA/ABA Accessibility Guidelines are posted on the Forest Service's website at <http://www.fs.fed.us/recreation/programs/accessibility>. Questions regarding ADA/ABA Accessibility Guidelines may be referred to the Access Board at 222.access-board.gov. Questions regarding the FSORAG may be referred to the accessibility coordinator for the local National Forest.

The permit holder is responsible for ensuring effective communication with visitors with disabilities, including persons with impaired vision or hearing, so that all visitors may obtain information on accessible services, activities, and facilities.

F. Fees Charged to the Public

Applicants must provide a list of all fees they propose to charge to the public for the first three years of operation; including fees for required and optional services (see Appendix 7, Sample Annual Operating Outline, for a list of required and optional services). Discuss any variable pricing, discounts, and passes. All proposed fees to be charged to the public also must be included in the business plan as an income item. The Forest Service reserves the right to regulate the rates charged to the public. **Sundries:** The sale of additional goods or services (such as firewood, ice, soda, etc.) will not be authorized under this permit.

G. Other Pertinent Information

BWCAW Rules and Regulations

The Boundary Waters Canoe Area Wilderness Occupancy and Use Forest Order can be found in Appendix 4.

Bear Activity

In the event of any issues involving bear activity in the BWCAW or permit area, the concessionaire will notify the Minnesota Department of Natural Resources and the Forest Service within 24 hours.

III. Special Use Permit

In exercising the rights and privileges granted by the special use permit, the permit holder must comply with all present and future federal laws and regulations and all present and future state, county, and municipal laws, regulations, and other legal requirements that apply to the permit area, to the extent they do not conflict with federal law, regulation, or policy. The Forest Service assumes no responsibility for enforcing laws, regulations, and other legal requirements that fall under the jurisdiction of other governmental entities.

A. Permit Term

The permit term will be for up to 5 years, with an option to extend the term for up to an additional 5 years at the sole discretion of the authorized officer. The decision to extend the term will depend, in part, on sustained satisfactory performance of the permit holder. Upon expiration of the permit, continuation of the permitted activity will be at the sole discretion of the authorized officer and will be subject to a competitive offering. A new prospectus will be issued during the final year of the permit term.

If the decision to select a permit holder is appealed, a permit will not be issued until the appeal has been resolved, unless operation is needed during the appeal, in which case a permit with a term of one year or less may be issued.

The Special Use permit may not be transferred or reassigned. Subleasing is not permitted, although sub-contracting of maintenance services may be allowed and must be approved by the Forest Service in advance.

B. Permit Holder Responsibilities

This section highlights the requirements of the special use permit, which is contained in Appendix 8 of the prospectus. Applicants are responsible for familiarizing themselves with all permit requirements that govern the operation covered by this prospectus.

Responsibility for Day-to-Day Activities

As a general rule, the holder will be required to conduct the day-to-day activities authorized by the permit. Some, but not all, of these activities may be conducted by someone other than the permit holder, but only with the prior written approval of the authorized officer. The permit holder will continue to be responsible for compliance with all the terms of the permit.

The concessionaire shall be responsible for hiring the necessary employees to conduct the concession operations. The concessionaire shall comply with the requirements of all Federal and State laws and regulations relating to minimum wages, social security, unemployment insurance and worker's compensation. They shall require employees to exercise courtesy and consideration in their relations with the public.

Permit Holder-Furnished Supplies and Equipment

The special use permit holder will be required to provide and maintain at their expense all of the equipment necessary for providing a good and safe service at a reasonable fee to all people requesting this service.

The Forest Service requires some type of braking system on any mechanical/motorized device or equipment used for portaging to stop the wheels if the situation warrants. It is expected that all mechanized/motorized equipment will be kept in safe working order.

The applicant should be aware of safety concerns and potential hazards associated with the service to be offered. Each watercraft will vary in length, size and weight, and the public's assisting will differ in their own limitations to help. Other elements to consider are weather conditions (cold, hot, humid, dry, snow, ice, wet or a combination thereof), employee condition, fatigue, gradient of the portage and surface condition, and the potential of meeting others portaging watercraft on the portage. Careful consideration should be given to the risks and benefits of allowing visitors to ride in the watercraft while portaging (with the exception of providing this service for accessibility accommodation). The Forest Service assumes no responsibility for the risks associated with the permit holder's operation of the portage.

Holder Maintenance, Reconditioning, Renovation (MRR)

Maintenance, reconditioning, and renovation are defined in the permits (FS-2700-4h, clause IV.E.1(a),(c)). Holder MRR is defined as maintenance, reconditioning, or renovating that neither materially adds to the value of the property nor appreciably prolongs its life. The work serves only to keep the facility in an ordinary, efficient operating condition. From an accounting or tax perspective, it is work that may be expensed, but not capitalized. In fulfilling these responsibilities, the holder must obtain any licenses and certified inspections required by regulatory agencies and follow state and local laws, regulations, and ordinances and industry standards or codes applicable to the permitted operation (FS-2700-4h, clause IV.E.1(d)). The permit holder, at its expense, will be required to perform holder MRR under a holder MRR plan (FS-2700-4h, clause II.D). The holder MRR plan will describe required holder MRR and its frequency. The holder MRR plan will become part of the permit holder's annual operating plan.

C. Granger-Thye Fee Offset Agreement

The federal government owns all the improvements at the commercial portage covered by this prospectus. Under Section 7 of the Granger-Thye (GT) Act and the terms of the permit, the permit fee may be offset in whole or in part by the value of Government maintenance, reconditioning, renovation, and improvement (MRRI) performed at the permit holder's expense.

Government MRRI is defined as maintenance, reconditioning, renovation, or improvement that arrests deterioration, improves and upgrades facilities, and appreciably prolongs the life of the property. Government maintenance, reconditioning, renovation or improvement, whether performed by the holder or the Forest Service, shall be performed at the sole discretion of the authorized officer. See Appendix 8 and Appendix 9.

All Government MRRI shall be enumerated in an annual GT fee offset agreement signed by the holder and the Forest Service in advance of the operating season (see Appendix 9). Alternatively, a multi-year GT fee offset agreement can be prepared for consolidated fee payments. A list of sample Government MRRI projects is included in Appendix 10.

Either the holder or the Forest Service may perform GT fee offset work. This determination will be made annually. When the holder performs GT fee offset work, if it includes construction that

costs more than \$2,000, it is subject to the Davis-Bacon Act and the fee offset agreement must contain Davis-Bacon Act wage provisions. Additionally, indirect costs may be offset provided the holder submits either a currently approved indirect cost rater or accounting procedures and supporting documentation to determine an indirect cost rate (see Appendix 13).

The holder's claims for GT fee offset must be documented using Granger-Thye Fee Offset Certification Form (see Appendix 11). This form requires the holder to itemize allowable costs incurred for an approved GT fee offset project and to certify the accuracy and completeness of claims.

When the Forest Service performs GT fee offset work, the holder will deposit fee payments into a CWF2 account. The Forest Service will perform GT fee offset work under a collection agreement and offset those costs against the permit holder's annual permit fee (see Appendix 8 and Appendix 9). The Forest Service's indirect costs may be offset at the agency's approved rate. The Forest Service and the holder will agree on the work to be performed in advance of each operating season.

D. Insurance

Liability Insurance

The successful applicant must have liability insurance covering losses associated with the use and occupancy authorized by the permit arising from personal injury or death and third-party property damage in the minimum amount of \$100,000 for injury or death to one person per occurrence; \$300,000 for injury or death to more than one person per occurrence; and \$100,000 for third-party property damage per occurrence, or in the minimum amount of \$300,000 as a combined single limit per occurrence. Insurance policies must name the United States as an additional insured (see Appendix 8, clause III.I).

IV. Application

A. Instructions for Submitting Applications

Applicants must submit a written application for the Commercial Operation of the Trout Lake Portage offered in this prospectus.

Applicants are strongly encouraged to visit the site at least once before submitting an application (see Appendix 1, vicinity map).

The information in this prospectus is from generally reliable sources, but no warranty is made as to its accuracy. Each applicant is expected to make an independent assessment of the business opportunity offered in this prospectus.

All applicants must be submitted to, LaCroix District Ranger, LaCroix Ranger District, Attention: Tim Engrav, 320 North Hwy 53, Cook, MN 55723.

Applications must be received by close of business (4:30 p.m.) on Friday, March 6, 2015.

Applicants must submit 2 copies of their application package and supporting documents.

Please ensure that all requested information is submitted. Missing or incomplete information will result in a lower rating for the corresponding evaluation criteria.

Applications must be signed. The person signing for an entity must have authority to sign for that entity. Applicants must include their address, telephone number, facsimile number, and email address.

Corporations also must include:

- Evidence of incorporation and good standing
- If reasonably obtainable, the name and address of each shareholder owning 3 percent or more of the corporation's shares and the number and percentage of any class of voting shares that each shareholder is authorized to vote.
- The name and address of each affiliate of the corporation.
- If an affiliate is controlled by the corporation, the number of shares and percentage of any class of voting stock of the affiliate owned, directly or indirectly, by the corporation.
- If an affiliate controls the corporation, the number of shares and percentage of any class of voting stock of the corporation owned, directly or indirectly, by the affiliate.

Partnerships, limited liability companies (LLCs), associations, or other unincorporated entities must submit a certified copy of the partnership agreement or other documentation establishing the entity or certificate of good standing under the laws of the state where the entity is located.

Applicants should contact Tim Engrav at (218) 666-0025 or tengrav@fs.fed.us regarding any questions related to this prospectus.

B. General Terms, Qualifications, and Reservations

All applicants have an equal opportunity to apply. Except for members of Congress, Resident Commissioners, and current Forest Service employees, any individual or entity may apply.

The Forest Service does not guarantee a profitable operation. Rather, applicants are responsible for reviewing the prospectus and making their own determination concerning business viability.

The Forest Service will select the application that offers the best value to the Government. The Forest Service reserves the right to select the successful applicant based on a trade-off between the fee to the Government and technical merit.

The Forest Service is not obligated to accept the application with the highest return to the Government.

The Forest Service reserves the right to select the successful applicant based solely on the initial application, without oral or written discussions.

The Forest Service reserves the right to reject any or all applications and to rescind the prospectus at any time before a special use permit is issued.

Any oral statement made by a representative of the Forest Service shall not modify the requirements of this prospectus. If it is determined that an error or omission has been made or additional information is required, a written amendment will be sent to each person or entity receiving a copy of this prospectus.

If there is a conflict between the terms of the prospectus and the special use permit, the terms of the permit will control.

C. Application Package Requirements

Applications must be in writing and must include or address the following:

- A proposed annual operating plan (see Appendix 7)
- A business plan, business experience, references.
- Financial resources
- Fees charged to the public
- Fee to the government

1. Proposed Annual Operating Plan (Including Required and Optional Services)

Applicants must submit a proposed annual operating plan that addresses all required and optional services. Applicants must utilize the sample annual operating plan (*see* Appendix 7) to organize their response to this section. The successful applicant's proposed operating plan will be attached to and become a part of the special use permit.

Applicants must specify whether another party will assist with any of the operational aspects of the concession, and if so, must include the other party's name, address, telephone number, email address, and relevant experience.

Below are highlights of what needs to be addressed in the proposed annual operating plan. For more details, see the sample annual operating plan in Appendix 7.

Operating Season

The permit holder will be expected to offer portage assistance at a minimum, from 7 AM until 11 AM and from 3 PM until 7PM from Thursday before the opening of MN fishing season thru Labor Day seven days a week. Portage services are expected to be offered on an appointment basis for the remainder of the quota permit season (May 1 thru the Thursday before fishing opener and Labor Day until September 30). The permit holder has the option of extending the hours of operation from 6 AM until dusk during the main use season and will not be required to provide a commercial service during the pre and post summer quota permit season. The permit holder could provide such service if agreed to in advance by the District Ranger.

The prices charged to the public for services provided will be subject to advance approval by the Forest Service. The furnishing of a public service at reasonable rates based on the services offered

is a major objective. The Forest Service reserves the right to regulate the nature of services and goods to be offered the public.

The applicant will furnish the Forest Service with a schedule of rates to be charged for the services offered. The applicant should be familiar with the type of watercraft and use typical of Trout Lake prior to bidding.

The watercraft listed below represents some but not all of the types of boats and canoes which may use the portage service.

- V-hull boats up to 16' in length and gear associated with either day use activities or overnight camping.
- 17' and 19' square stern canoes are used for both day and overnight use.
- Double ended canoes vary in length and weight and are used for both day and overnight use.

This list is not all inclusive, but is an example of some of the gear associated with watercraft that could cross the portage: live wells, outboard motors (up to 25 hp with a 10 hp kicker), electric trolling motor, wood floors, marine batteries, gas tanks for outboard motors, camp stoves and cook kits, small propane cylinders, tents, tarps, fishing gear, lawn chairs, cots, portable camp tables, packs with clothing and food, sleeping bags, coolers and other equipment typical of day use and overnight camping consistent with the BWCAW rules and regulations (see Appendix 3).

The permit holder will not be permitted to transport boats which do not meet National Forest regulations for the area (such as length or horsepower limits). The permit holder will not be permitted to moor, beach, or store boats which are used for any purpose other than the operation of the portage. Boats necessary for the operation of the portage will be mutually agreed to in writing by the District Ranger and the permittee before operations begin.

The permit holder and his/her employees will adhere to all rules and regulations in effect for the general public, unless specifically exempted in this document and or special use permit.

The Forest Service expects the permit holder and their employees will treat customers and other people using the portage in a courteous manner. The permit holder and employees will promote a positive attitude and treat the public with respect.

Staffing

Applicants must address appropriate staffing to meet customer service and cleanliness standards. The holder will be responsible for furnishing all personnel for the developed recreation sites and for adequately training and supervising their activities under the terms of the permit. The holder must meet requirements of federal and state laws governing employment, wages, and worker safety. Applicants should address worker hours and schedules. Applicants also should address staff training for effective customer service, conflict resolution, area-specific emergency procedures, and dissemination of recreation and tourism information.

Supervision and Management

Applicants must designate an individual to serve as the agent of the holder for purposes of administration of the permit by the Forest Service. The designated agent must periodically review attendant performance on site and must be available to resolve repair needs within 24 hours of discovery or notification. The holder will be responsible for the conduct of its employees, including preventing conduct prohibited by 36 CFR part 261, Subpart A, and ensuring that employees are not under the influence of intoxicating beverages or narcotic drugs while on duty or representing the holder. Applicants also must include a policy for removing employees who engage in inappropriate conduct.

Uniform and Vehicle Identification

Applicants should describe employee uniforms, insignia, name tags, and the applicants' policy for ensuring a clean, professional appearance by staff while on duty. The holder's employees may not wear any component of the Forest Service uniform. Additionally, applicants should address their policy for vehicle maintenance and appearance; types of vehicles to be used for operations (vehicles may not be driven off designated roads or trails); and signage to identify the concessionaire to the public.

2. Business Plan, Business Experience, and References

Applicants must submit a business plan utilizing the format in Appendix 16 of the prospectus. This part of the application package must be a separate document. The business plan provides a thorough analysis of an applicant's vision of the proposed business. A good business plan is essential for running a successful business, maintaining and improving the business, and raising needed capital.

Applicants must furnish a detailed description of their experience relating to operating and maintaining developed recreation sites (e.g., campgrounds, beaches, and marinas). The description must include experience in private business, public service, or any nonprofit or other related enterprises. Applicants are encouraged to contact their local Small Business Development Center (SBDC) if they need assistance in completing their business plan from an SBDC or the Forest Service for the current fiscal year may submit a copy of the review report.

Performance Evaluations

Applicants who have experience in managing Forest Service or other Government concessions must provide copies of the most recent annual written performance evaluations for each Forest Service or other concession the applicants have operated or are operating. (*See Appendix 6*)

References

Applicants also must furnish three business references with names, addresses, telephone numbers, and email addresses in support of relevant business experience. These references will be contacted for information regarding applicants' past performance. In addition, the Forest Service may consider past performance information from other sources.

3. Financial Resources

Applicants must submit a complete set of all financial statements for the last three fiscal years that have been audited, reviewed, or compiled by a certified public accountant (CPA). For any financial statements that were only compiled by a CPA, applicants must complete FS-6500-24, Financial Statement (*see* Appendix 15) for certification of the accuracy of the financial statements.

Applicants must complete FS-6500-24 for any of the last three fiscal years they were in business for which a financial statement was not audited, reviewed, or compiled by a CPA. An applicant who has had a Financial Ability Determination (FAD) conducted within the past year should include a statement to that effect along with the forest name, contact name, and telephone number. Additionally, applicants must identify any pending application or new permits obtained from the Forest Service since the FAD was completed.

In completing FS-6500-24, LLCs must list the name of the company in block 1, the names and interests of the principals in block 5, and their members should be listed in block 6. In addition, LLCs must complete the certification in Part (D) (1) OF FS-6500-24.

An applicant who has not been in business for the last three fiscal years, and therefore cannot submit audited, reviewed, or compiled financial statements or an FS-6500-24, must submit three fiscal years of projected financial statements compiled by a CPA using the forecast method.

Any financial information submitted by applicants must conform to generally accepted accounting principles (GAAP) or other comprehensive bases of accounting. Any previously prepared financial documents that are submitted must be unredacted and in their original form, including footnotes.

Applicants must show at least 25 percent of the first year's operating costs in liquid assets. Liquid assets are assets that are readily converted into cash.

Applicants also must complete blocks 1 through 5 of form FS-6500-25. Request for Verification (*see* Appendix 16) and submit the signed and dated form with the application. The Forest Service will forward the FS-6500-25 for the most qualified applicant to the Albuquerque Service Center (ASC) for processing. The auditor assigned to conduct the FAD will send a copy to each financial institution with which the applicant does business. The financial institutions must complete blocks 6 through 15 of the form and mail the completed form to ASC, Attention: Forest Service Auditor.

4. Fees Charged to the Public

Applicants must provide a list of all fees they propose to charge to the public for the first three years of operation; including fees for required and optional services (*see* Appendix 7, Sample Annual Operating Outline, for a list of required and optional services). Discuss any variable pricing, discounts, and passes. All proposed fees to be charged to the public also must be included in the business plan as an income item.

The Forest Service reserves the right to regulate the rates charged to the public.

Sundries: The sale of additional goods or services (such as firewood, ice, soda, etc.) will not be authorized under this permit.

5. Fee to the Government

The Government is obligated to obtain fair market value for the use of its land and improvements.

Minimum Fee Calculation

The minimum fee is the concession's average gross revenue minus taxes for the past three years multiplied by the current 30-year Treasury bond rate. The 02/05/15 Current rate is 2.42 percent.

	Gross Revenue				Minimum Fee
	2012	2013	2014	Average (sum/3)	
Trout Lake Commercial Portage	\$34,505	\$27,615	\$34,015	\$32,045	\$775.49

The minimum fee will be adjusted at the end of the first five years of the permit term if the permit is extended for five years.

Applicants may propose a fee below the minimum, provided they can document why this amount represents fair market value. However, the Forest Service may reject the proposed fee if the agency determines that it does not reflect fair market value.

Optional Consolidated Land Use Fee Payment: Applicants may propose a consolidated fee payment for up to 5 years during the initial permit term or extension of the term to finance a GT fee offset project. The consolidated land use fee payment will be determined by multiplying the average annual gross revenue of the offering for the past 3 years (adjusted, if applicable, based on expansion or contraction of the concession) by the number of years the land use fee payments will be consolidated, and multiplying the product by the percentage of gross revenue proposed by the applicant. If the Forest Service will perform the GT fee offset work using a collection agreement, the entire consolidated land use fee payment must be made when the first land use fee payment otherwise would have been due. If the holder will perform the GT fee offset work, the holder must commence that work within the first 6 months of the consolidated fee period and must complete the work within 18 months of the beginning of the consolidated fee period. The consolidated land use fee payment will not be reconciled based on actual gross revenues.

The proposed fee to the Government also must be included in the business plan as an expense item in the cash flow projections.

The fee to the Government may be offset in whole or in part by the value of Government MRRI, performed at the permit holder's expense in accordance with a GT fee offset agreement (see section III of the prospectus).

Applicants must propose the fee to the Government as a percentage of the concession's adjusted gross revenue. One percentage may be proposed for the entire permit term, or the percentage may vary each year. However, if a consolidated fee payment will be proposed, one percentage rate must be proposed for the entire period of consolidated payments.

D. Evaluation of Applications

A Forest Service evaluation panel will evaluate each application utilizing the non-fixed weight method.

The following evaluation criteria are listed in descending order of importance:

- Proposed annual operating plan (including required and optional services)
- Business plan, business experience, and references
- Financial resources
- Fees charged to the public
- Fee to the Government

The Forest Service will consider only the applicant's written application package and any past performance information obtained by the Forest Service. During the evaluation process, the evaluation panel may contact any references, including all federal, state, and local entities that have had a business relationship with the applicant. The evaluation panel also may consider past performance information from other sources.

The evaluation panel will make a recommendation to the authorized officer as to which applicant offers the best value to the Government. The authorized officer will make the selection decision. All applicants will be notified of the successful applicant via certified mail.

The Forest Service will conduct a Financial Ability Determination (FAD) on the selected applicant as a prerequisite to issuing a special use permit, unless the agency has a current fiscal year FAD conducted by the Albuquerque Service Center or SBDC for another Forest Service unit.

The Forest Service reserves the right to reject any and all applications.

The Forest service reserves the right to rescind the prospectus at any time before a special use permit is issued. If the Forest Service rescinds the prospectus, application fees will be returned.

V. Post-Selection Requirements

Once an applicant has been selected, the following information must be submitted and approved by the Forest Service prior to issuance of a special use permit:

- A final annual operating plan containing all the items included in the annual operating plan submitted in response to the prospectus
- An annual GT fee offset agreement
- Documentation of required liability insurance and, if applicable, property insurance
- Documentation of bonding, if applicable (not applicable in this case)
- Required deposits and advance payments (see Appendix 8, clause IV.C.1).
- Documentation that utility services have been obtained in the name of the selected applicant.
- A state business license and any other required federal, state, or local certifications or licenses.
- An irrevocable letter of credit.

The successful applicant will be required to submit all these items within 30 days of the date of the selection letter. If these requirements are not met within the 30-day period, a special use permit will not be issued. The applicant who receives the next-highest rating may then be selected for the special use permit, subject to the same requirements.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0596-0082.

This information is needed by the Forest Service to evaluate requests to use National Forest System lands and manage those lands to protect natural resources, administer the use, and ensure public health and safety. This information is required to obtain or retain a benefit. The authority for that requirement stems from the Organic Act of 1897 and the Federal Land Policy and Management Act of 1976, which authorize the Secretary of Agriculture to promulgate regulations for managing National Forest System lands. These statutes, along with the Granger-Thye Act, authorize the Secretary of Agriculture to issue authorizations for the use and occupancy of National Forest System lands. The Secretary of Agriculture's regulations at 36 CFR Part 251, Subpart B, establish procedures for issuing those authorizations.

The Privacy Act of 1974, 5 U.S.C. 552a, and the Freedom of Information Act, 5 U.S.C. 552, govern the confidentiality to be provided for information received by the Forest Service.

Public reporting burden for collection of information, if requested, is estimated to average 1 hour per response for annual financial information; 1 hour per response to prepare or update operating and maintenance plans; 1 hour per response for inspection reports; and 1 hour for each request that may include such items as reports, logs, facility and user information, and other similar information requests. These estimates include the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (866) 632-9992 (voice). TDD users can contact USDA through local relay or the Federal relay at (800) 877-8339 (TDD) or (866) 377-8642 (relay voice). USDA is an equal opportunity provider and employer.